



First American

First American Title Company of Oregon

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Portland, OR 97204
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Order No.: 7000-1919358
July 16, 2012

FOR QUESTIONS REGARDING YOUR CLOSING, PLEASE CONTACT:

WYN HENDRICKS, Escrow Officer/Closer

Phone: (503)350-5005 - Fax: (866)656-1602- Email:whendricks@firstam.com
First American Title Company of Oregon
5335 SW Meadows Rd #100, Lake Oswego, OR 97035

FOR ALL QUESTIONS REGARDING THIS PRELIMINARY REPORT, PLEASE CONTACT:

Michelle Laine Johnson, Title Officer

Toll Free: (800)929-3651 - Direct: (503)790-1822 - Fax: (877)242-2396 - Email: mjohanson@firstam.com

Amended Preliminary Title Report

County Tax Roll Situs Address: 706 and 716 McVey Avenue, Lake Oswego, OR 97034

Proposed Insured Lender: TBD

2006 ALTA Owners Standard Coverage	Liability \$	800,000.00	Premium \$	1,800.00
2006 ALTA Owners Extended Coverage	Liability \$		Premium \$	
2006 ALTA Lenders Standard Coverage	Liability \$		Premium \$	
2006 ALTA Lenders Extended Coverage	Liability \$		Premium \$	
Endorsement			Premium \$	
Govt Service Charge			Cost \$	50.00
City Lien/Service District Search			Cost \$	
Other			Cost \$	

We are prepared to issue Title Insurance Policy or Policies in the form and amount shown above, insuring title to the following described land:

The land referred to in this report is described in Exhibit A attached hereto.

and as of June 28, 2012 at 8:00 a.m., title to the fee simple estate is vested in:

City of Lake Oswego, a Municipal Corporation of the State of Oregon

Subject to the exceptions, exclusions, and stipulations which are ordinarily part of such Policy form and the following:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

This report is for the exclusive use of the parties herein shown and is preliminary to the issuance of a title insurance policy and shall become void unless a policy is issued, and the full premium paid.

2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.
5. Any lien, or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.

The exceptions to coverage 1-5 inclusive as set forth above will remain on any subsequently issued Standard Coverage Title Insurance Policy.

In order to remove these exceptions to coverage in the issuance of an Extended Coverage Policy the following items are required to be furnished to the Company; additional exceptions to coverage may be added upon review of such information:

- A. Survey or alternative acceptable to the company
 - B. Affidavit regarding possession
 - C. Proof that there is no new construction or remodeling of any improvement located on the premises. In the event of new construction or remodeling the following is required:
 - i. Satisfactory evidence that no construction liens will be filed; or
 - ii. Adequate security to protect against actual or potential construction liens;
 - iii. Payment of additional premiums as required by the Industry Rate Filing approved by the Insurance Division of the State of Oregon
6. Taxes for the fiscal year 2012-2013 a lien due, but not yet payable
 7. Taxes, including the current fiscal year, not assessed because of Cities and Towns Exemption. If the exempt status is terminated an additional tax may be levied. Account No. 00265484 and 00265493.
 8. City liens, if any, of the City of Lake Oswego.

Note: There are no liens as of July 10, 2012. All outstanding utility and user fees are not liens and therefore are excluded from coverage.
 9. Rights of the public and of governmental bodies in and to that portion of the premises herein described lying below the mean high water mark of Lake Oswego and the ownership of the State of Oregon in that portion lying below the high water mark of Lake Oswego .
 10. Subject to the rights of various property owners and occupants in and to any portion of the herein described property lying beneath the waters of Lake Oswego.

11. The rights of the public in and to that portion of the premises herein described lying within the limits of streets, roads and highways.
12. Covenants, conditions, restrictions and/or easements; but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, family status, or national origin to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes:
Recording Information: June 28, 1922 in Book 167, Page 442
13. Easement, including terms and provisions contained therein:
Recording Information: May 12, 1937 in Book 237, Page 324
In Favor of: City of Oswego
For: sewer lines
14. Covenants, conditions, restrictions and/or easements; but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, family status, or national origin to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes:
Recording Information: November 20, 1958 in Book 548, Page 305
15. Easement Agreement, including terms and provisions thereof.
Affects: Appurtenant Easement
Recorded: December 22, 1960 in Book 581, Page 84
16. Permanent Easement, including terms and provisions contained therein:
Recording Information: September 01, 2009 as Fee No. 2009 062556
In Favor of: Lake Oswego Corporation, an Oregon Corporation
For: utilities
17. Temporary Easement, including terms and provisions contained therein:
Recording Information: September 01, 2009 as Fee No. 2009 062557
In Favor of: Lake Oswego Corporation, an Oregon Corporation
For: using a crane and associated equipment

- END OF EXCEPTIONS -

NOTE: If this property includes rights to the use of Lake Oswego itself, then the Lake Corporation should be contacted concerning transfer fees and any unpaid assessment charges concerning those rights.

NOTE: We find no matters of public record against To be determined that will take priority over any trust deed, mortgage or other security instrument given to purchase the subject real property as established by ORS 18.165.

NOTE: According to the public record, the following deed(s) affecting the property herein described have been recorded within 24 months of the effective date of this report: NONE

**THANK YOU FOR CHOOSING FIRST AMERICAN TITLE!
WE KNOW YOU HAVE A CHOICE!**

RECORDING INFORMATION

Filing Address: **Clackamas County**
 2051 Kaen Road
 Oregon City, OR 97045

Recording Fees: \$ **5.00** E-Recording per document
 \$ **5.00** per page
 \$ **5.00** per page (GIS Fee)
 \$ **10.00** per document (Public Land Corner Preservation Fund)
 \$ **11.00** per document (OLIS Assessment & Taxation Fee)
 \$ **17.00** per document (Oregon Housing Alliance Fee)
 \$ **5.00** for each additional document title
 \$ **20.00** non-standard fee



First American Title Insurance Company of Oregon

SCHEDULE OF EXCLUSIONS FROM COVERAGE

ALTA LOAN POLICY (06/17/06)

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

ALTA OWNER'S POLICY (06/17/06)

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

SCHEDULE OF STANDARD EXCEPTIONS

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.
5. Any lien or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.

NOTE: A SPECIMEN COPY OF THE POLICY FORM (OR FORMS) WILL BE FURNISHED UPON REQUEST

TI 149 Rev. 7-22-08

Exhibit "A"

Real property in the County of Clackamas, State of Oregon, described as follows:

Parcel I:

A tract situated in Section 10, Township 2 South, Range 1 East of the Willamette Meridian, in the City of Lake Oswego, County of Clackamas and State of Oregon, more particularly described as follows:

Beginning at an iron rod which iron rod bears North 65° 48' East along the Northwestern right-of-way line of McVey Avenue 48.40 feet from the Southeast corner of Lot 1, OSWEGO LAKE VILLAS, from said point of beginning; thence leaving said Northwestern right-of-way line of McVey Avenue North 9° 32' East 113.60 feet; thence South 80° 05' East 19.84 feet; thence South 78° 05' East 28.35 feet; thence South 9° 22' West 79.70 feet to said Northwestern right-of-way line of McVey Avenue; thence South 65° 48' West along said Northwestern right-of-way line of McVey Avenue, 58.40 feet to the point of beginning.

TOGETHER WITH the right to use, in common with others, an easement for right-of-way for ingress and egress over the following described property:

A tract of land situated in Section 10, Township 2 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, more particularly described as follows:

Beginning at an iron rod on the Northwestern right-of-way of McVey Avenue, that is North 65° 48' East 106.80 feet from the Southeast corner of Lot 1, OSWEGO LAKE VILLAS, from said point of beginning; running thence North 9° 22' East 18 feet to a point; thence Easterly to a point on the said Northwestern right-of-way line to McVey Avenue that is North 65° 48' East 32 feet from the point of beginning; thence South 65° 48' West 32 feet to the point of beginning.

Parcel II:

A Tract of land situated in Section 10, Township 2 South, Range 1 East of the Willamette Meridian, in the City of Lake Oswego, County of Clackamas and State of Oregon, more particularly described as follows , to-wit:

Beginning at an iron rod which iron rod bears North 65°48' East along the Northwestern right of way line of McVey Avenue, 106.80 feet from the Southeast corner of Lot 1, OSWEGO LAKE VILLAS, from said place of beginning; thence continuing North 65°48' East along the Northwestern right of way line of McVey Avenue, 69.32 feet to an iron rod and angle point in said McVey Avenue; thence North 51°21' East along said Northwestern right of way line 26.01 feet to an iron rod; thence leaving said Northwestern right of way line North 34°14' West 44.48 feet; thence South 68°28' West 21.45 feet to an iron rod; thence North 78°05' West 26.05 feet to an iron rod; thence South 9°22' West 79.70 feet to the place of beginning.

NOTE: This legal description was created prior to January 1, 2008.

Tax Parcel Number: 00265484 and 00265493



First American Title Insurance Company of Oregon

An assumed business name of TITLE INSURANCE COMPANY OF OREGON

This map is provided as a convenience in locating property
First American Title Insurance Company assumes no liability for any variations as may be disclosed by an actual survey

Reference Parcel Number 21E10DB00500 + 600

